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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91168790
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of Trademark Applications

Applicant: Sweely Holdings, LLC  
Serial Nos.: 78/497,107, 78/497,110, 78/497,114  
Filed: October 8, 2004  
Marks: ACORN HILL WINERY  
ACORN HILL ESTATE  
ACORN HILL VINEYARDS  
Published: September 27, 2005 at TM 1635

Acorn Alegria Winery, dba Acorn Winery, | Opposition No. 91/168,790

Opposer,

v.

Sweely Holdings, LLC,

Applicant.

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**OPPOSER'S REPLY**

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## TABLE OF CONTENTS

TABLE OF CONTENTS .....	i
TABLE OF AUTHORITIES .....	ii
INTRODUCTION.....	1
ARGUMENT .....	3
I.    APPLICANT’S ARGUMENTS AND EVIDENCE FAIL TO ESTABLISH THE REGISTRABILITY OF THE MARKS AT ISSUE.....	4
A.    Applicant’s Marks and Acorn Winery’s ACORN Mark Create Nearly Identical Commercial Impressions .....	4
B.    Purchasers of Wine Are Not Sophisticated Consumers.....	7
C.    Acorn Winery's Evidence of Actual Confusion Is Not Hearsay.....	8
D.    Applicant’s Analysis Of The Extent of Potential Confusion is Erroneously Based on an Irrelevant Geographic Separation Argument .....	10
II.   APPLICANT’S RENOWN IN THE HORSE INDUSTRY AND THE APPEARANCE OF ITS WINE LABELS ARE IRRELEVANT TO THIS PROCEEDING .....	11
CONCLUSION .....	13

## TABLE OF AUTHORITIES

<u>CASES</u>	<u>Page(s)</u>
<u>Armco, Inc. v. Armco Burglar Alarm Co.,</u> 693 F.3d 1155, n.10, 217 USPQ 145 (5th Cir. 1982))	9
<u>Champagne Louis Roederer, S.A. v. Delicato Vineyards,</u> 148 F.3d 1373, 47 USPQ2d 1459 (Fed.Cir. 1998)	3, 4, 5
<u>Citizen Financial Group, Inc. v. Citizens Nat. Bank of Evans City,</u> 383 F.3d 110, 72 USPQ2d 1398 (3rd Cir. 2004)	9
<u>E &amp; J Gallo Winery v. Consorzio Del Gallo Nero,</u> 782 F. Supp. 457, 10 USPQ2d 1579 (N.D. Cal. 1991)	8
<u>Guardian Products Co., Inc. v. Scott Paper Co.,</u> 200 USPQ 738 (TTAB 1978)	7, 10
<u>Herbko Intern., Inc. v. Kappa Books, Inc.,</u> 308 F.3d 1156, 64 USPQ2d 1375 (Fed. Cir. 2002)	9
<u>In re American Olean Tile Co.,</u> 1 USPQ2d 1823	5
<u>In re Bercut-Vandervoot &amp; Co.,</u> 229 USPQ 763 (TTAB 1986)	7
<u>In re Catepillar, Inc.,</u> 43 USPQ2d 1335 (TTAB 1997)	4
<u>In re Continental Graphics Corp.,</u> 52 USPQ2d 1374 (TTAB 1999)	7
<u>In re E.I. duPont de Nemours &amp; Co.,</u> 177 USPQ 563 (CCPA 1973)	passim
<u>In re Hyper Shoppes (Ohio), Inc.,</u> 837 F.2d 463, 6 USPQ2d 1025 (Fed. Cir. 1988)	12
<u>In re Polo International, Inc.,</u> 51 USPQ2d 1061 n.3 (TTAB 1999)	3-4
<u>In re Shawnee Milling Co.,</u> 225 USPQ 747 (TTAB 1985)	6
<u>Lone Star Mfg. Co. v. Bill Beasley, Inc.,</u> 498 F.2d 906, 182 USPQ 368 (C.C.P.A. 1974)	12
<u>Mustang Motels, Inc. v. Patel,</u> 226 USPQ 526 n.1 (C.D. Cal. 1985)	8
<u>National Rural Electric Cooperative Association v. Suzlon Wind Energy Corporation,</u> 78 USPQ2d 1881 n.4 (TTAB 2006)	9
<u>Peopleware Systems, Inc. v. Peopleware, Inc.,</u> 226 USPQ 320 (TTAB 1985)	11
<u>State Historical Soc. Of Wisconsin v. Ringling Bros. Barnum &amp; Bailey Combined Shows, Inc.,</u> 190 USPQ 25, n.3 (TTAB 1976)	12
<u>Steelcase, Inc. v. Steelcase, Inc.,</u> 219 USPQ 433 (TTAB 1983)	12
<u>Tiffany &amp; Co. v. National Gypsum Co.,</u> 459 F.2d 527, 173 USPQ 793 (CCPA 1972)	12

<u>Warnaco, Inc. v. Adventure Knits, Inc.,</u> 210 USPQ 307 (TTAB 1981) .....	7, 10
--	-------

## **RULES**

Federal Rules of Evidence, Rule 803(3) .....	9
Trademark Trial And Appeal Board Manual of Procedure ("TBMP") § 101.02.....	3

## **OTHER AUTHORITIES**

<u>Report of the Trademark Review Commission,</u> 77 Trademark Rep. 375 (1987) .....	11
<u>Senate Judiciary Committee Report on S. 1883,</u> S. Rep. No. 100-515, p. 29 (Sept. 15, 1988) .....	11
<u>The Trademark Law Rev. Act of 1988,</u> p. 37 (1989) .....	11

## INTRODUCTION

Applicant's trial brief, lacking in substance and legal vigor, highlights Acorn Winery's strong bases for success in this opposition. Applicant's arguments suffer from fallacious assumptions, mischaracterization of the evidence of record and misstatements of law – ranging from proposing inconsistent standards to blatant contradictions of established principles of trademark law.

For example, Applicant places great emphasis on the effort and resources that it has invested in its ACORN HILL FARM mark in connection with training, showing and breeding horses. Acorn Winery does not discount Applicant's established rights in its ACORN HILL FARM mark in connection with such horse-related services. However, Applicant does not establish any connection between the "horse training, showing and breeding" industry and the wine industry, much less adduce any evidence to that effect. (OTB, pg. 17). Applicant claims, "the Sweelys fully intend to capitalize on the market value and reputation of the Acorn Hill Farm mark in their new venture in the wine business." (Applicant's Trial Brief ("ATB"), pg. 4). However, Applicant's mere assertion of its intention does not legitimize its use of the ACORN HILL WINERY, ACORN HILL ESTATE or ACORN HILL VINEYARDS marks on wine where Acorn Winery has superior rights and has over the last decade established significant consumer recognition of and acclaim for its ACORN brand wines. Moreover, Applicant ignores the case law presented in Acorn Winery's trial brief, which clearly establishes that such evidence has no relevance in this proceeding concerning different marks proposed to be used with different goods in an entirely different and unrelated industry. (Opposer's Trial Brief ("OTB"), pg. 28).

Though Applicant's trial brief is riddled with such shortcomings, it is the three main premises of Applicant's argument, as delineated in Applicant's statement of the issue, that represent these shortcomings most significantly. (ATB, pg. 2).

First, Applicant emphatically, albeit incorrectly, relies upon its argument that the Trademark Trial and Appeal Board should consider the consumer of wine a "sophisticated consumer," therefore diminishing the significance of "similarities in . . . [the] trademarks." (ATB, pg. 12). Applicant relies on a single, ambiguous Second Circuit case (with no precedential value in this proceeding) for this proposition and in turn ignores TTAB and other federal court precedent to the contrary. When there is a strong likelihood of confusion established by other factors, as in this case, even a high level of consumer sophistication will not tip the scales in favor of Applicant.

Second, Applicant places great emphasis on its incorrect assertion that Acorn Winery has only built "regional" recognition of the ACORN mark in the wine industry while incorrectly implying that Applicant's wines will be sold only at its winery in Virginia. Applicant's argument and emphasis thereon are inconsistent with the evidence of record and at odds with established principles of trademark law. Applicant has stated that it intends to sell wine in many of the states where Opposer already has customers. (Sweely testimony depo., 40: 16-24) Acorn Winery adduced abundant evidence regarding its national and international recognition and participation beyond those noted by Applicant in its brief, including feature articles and reviews in national publications; participation in events drawing participants and attendees from across the country and the world; sales to consumers in Virginia and 47 other states, Canada, and Japan; nationwide distribution of its wine through brokers and distributors, restaurants and grocery stores; internet sales; and awards, medals and recognitions from organizations influential in the

wine industry and recognized nationwide. (OTB, pg. 6-9, 20-21, and Nachbaur Testimony Deposition Exhibits 9-30). Applicant shortsightedly seems to equate size with recognition despite the fact that many world-famous wineries are small. That Acorn Winery is an admittedly small winery cannot and does not preclude its widespread, well-established renown. (OTB, pg. 7). Further, Acorn Winery is the owner of an incontestable federal registration, affording it exclusive right to use its mark nationwide. Applicant's argument that it is entitled to rights in the ACORN-derivative marks for wine based on an unfounded geographic separation argument is an aberration of established trademark law.

Third, Applicant mistakenly contends that the marks at issue and Acorn Winery's ACORN mark "evoke distinct commercial impressions." (ATB, pg. 2). Applicant, in a footnote, summarily discounts the numerous contrary cases cited by Acorn Winery and relies almost exclusively on Champagne Louis Roederer, S.A. v. Delicato Vineyards, 148 F.3d 1373, 47 USPQ2d 1459 (Fed. Cir. 1998), a case significantly criticized and factually distinguishable from the instant proceeding. (ATB, pgs. 8-10).

Applicant's arguments are without merit and fail to establish the requisite lack of likely confusion between Applicant's marks and Acorn Winery's ACORN mark for wine.

### **ARGUMENT**

The Trademark Trial and Appeal Board Manual of Procedure ("TBMP") makes clear that only decisions of the Board itself, the Court of Appeals for the Federal Circuit, the Court of Customs and Patent Appeals, and the Director of the United States Patent and Trademark Office constitute citable precedent in proceedings before the Board. TBMP § 101.02. The Board is to disregard non-precedential cases cited in proceedings before it. In re Polo International, Inc., 51



USPQ2d 1061, 1063 n.3 (TTAB 1999); In re Caterpillar Inc., 43 USPQ2d 1335, 1336 (TTAB 1997).

Much of Applicant's brief is characterized by arguments unsubstantiated by any case law or premised on non-precedential cases or cases of questionable precedential value. Acorn Winery, on the other hand, bases its arguments on appropriate precedent and introduced non-precedential cases only as a supplement to its precedential cases or as clarifying matter. Acorn Winery therefore requests that the Board disregard all non-precedential cases and cases of questionable precedence upon which Applicant relies.

**I. APPLICANT'S ARGUMENTS AND EVIDENCE FAIL TO ESTABLISH THE REGISTRABILITY OF THE MARKS AT ISSUE**

**A. Applicant's Marks and Acorn Winery's ACORN Mark Create Nearly Identical Commercial Impressions**

Applicant argues that the differences in the commercial impressions of the marks at issue are sufficient to find no likelihood of confusion. In support of this proposition Applicant relies solely on the Federal Circuit's affirmation of the Board's determination in Delicato that CRYSTAL CREEK for wine was not confusingly similar to CRISTAL for champagne, which the Board decided based only on its determination that the marks were not confusingly similar. Delicato, 148 F.3d 1373, 47 USPQ2d 1459 (Fed. Cir. 1998). Considering the significant criticism in the Delicato opinion itself of the brevity and contradictory nature of the Board's findings in that case, it is clear that Delicato represents questionable precedent. In Delicato there is no explanation of how one DuPont factor in the applicant's favor could be considered adequate to support the legal conclusion of no likelihood of confusion where four other factors were held to support the opposer's position. As described in the concurring opinion, the Board failed to "bring together the disparate elements" to explain the basis for its conclusion. Delicato,

148 F.3d at 1376-1380. Just as the Board does not consider opinions published in digest form acceptable precedent because they “do not indicate the facts on which the determinations were based,” the Board should not rely on the Delicato case where the opinion itself fails to indicate the facts upon which it based its determination that no likelihood of confusion existed between the marks there at issue. In re American Olean Tile Co., 1 USPQ2d 1823, 1835 (TTAB 1986).

Regardless of the Board’s decision as to the precedential value of the Delicato case, Delicato has no application to this proceeding. This case is factually distinguishable from the circumstances considered in Delicato, making it inapposite here. In Delicato, the Board specifically noted that “the opposition proceeding, and thus the record, was characterized by a lack of evidence on many of the DuPont factors.” Delicato, 148 F.3d at 1376-1380. Here, in stark contrast, Acorn Winery has adduced significant evidence, sufficient for consideration of all relevant DuPont factors. Moreover, the applicant in Delicato intended to use its mark on wine and the registrant used its mark on champagne. Here Applicant and Acorn Winery both use and/or intend to use their respective marks on wine. Neither the applications at issue nor the registration in this proceeding specify any limitations or restrictions, therefore the goods are legally identical. (OTB, pg. 17-18). Lastly, and most significantly, the marks at issue in Delicato did not share any words in common. Here, Applicant’s marks all incorporate Acorn Winery’s ACORN mark in its entirety.

In light of the foregoing differences, this proceeding is more akin to the numerous cases cited by Acorn Winery in its trial brief in support of the proposition that the mere addition of a term or terms to a registered mark does not obviate similarity of the marks or likelihood of confusion. See OTB, pg. 13. Applicant summarily dismisses these cases in a footnote of its brief with little explanation. (ATB, pg. 11, fn. 3). Nevertheless, the cases cited by Acorn Winery

represent cases where the applications at issue, as in this case, incorporate the registrant's mark in its entirety.

Applicant additionally suggests that a "focus on 'prominent' words or symbols" is "impermissible," based on Sixth Circuit non-precedential case law. (ATB, pg. 9). Applicant discounts the numerous Board decisions cited by Acorn Winery for the proposition that "focus on dominant portions" of a mark is indeed appropriate. (OTB, pg. 12). As more fully explained in Acorn Winery's opening brief, the dominant feature of all the marks at issue here is the first word ACORN. (OTB, pgs. 13-15).

Despite Acorn Winery's significant showing for the weakness of Applicant's additional terms, Applicant argues that the addition of "HILL," which it asserts is a "prominent noun," is sufficient to distinguish its marks from Acorn Winery's ACORN mark. In support of this position, Applicant relies solely on In re Shawnee Milling Co., 225 USPQ 747 (TTAB 1985), a case involving a reversal of refusal of registration of the GOLDEN CRUST word mark for flour where the prior registration was for ADOLPH'S GOLD'N CRUST & Design for "combination coating and seasoning for poultry, fish and certain vegetables." (ATB, pg. 10). The facts in Shawnee Milling Co. do not support Applicant's argument that its addition of "HILL" to "ACORN" sufficiently distinguish Applicant's marks from Acorn Winery's ACORN mark where (a) all the marks at issue are for identical goods and (b) the dominant first word in the marks is "ACORN."

Acorn Winery's long, continuous, and exclusive use of the ACORN trademark and ACORN WINERY trade name has established a recognition and expectation among consumers that an ACORN branded wine comes from Acorn Winery. Under these circumstances it is reasonable to expect that consumers seeing Applicant's ACORN HILL WINERY, ACORN

HILL VINEYARDS, or ACORN HILL ESTATE trademarks on wines will believe that the familiar “ACORN” identifies the source, Acorn Winery, and “Hill Winery,” “Hill Vineyards,” and “Hill Estate” identify a different line of products within the ACORN family of wines. This is particularly true of those consumers that have visited Acorn Winery and are familiar with its “Hill Vineyard.” (OTB, pg. 24-25, 27)

The similarity of the marks at issue weighs heavily in Acorn Winery’s favor.

**B. Purchasers of Wine Are Not Sophisticated Consumers**

Applicant suggests that the Board should overlook the well-established rule that where no limitations or restrictions are set forth in Opposer’s registration or the applications at issue, the Board must conclude that the goods at issue will reach all potential consumers for such goods. In re Continental Graphics Corp., 52 USPQ2d 1374, 1377 (TTAB 1999); Warnaco Inc. v. Adventure Knits, Inc., 210 USPQ 307, 314-315 (TTAB 1981); Guardian Products Co., Inc. v. Scott Paper Co., 200 USPQ 738, 741 (TTAB 1978). Instead, Applicant, without admissible facts or applicable law, argues that the Board should hold all wine consumers are sophisticated and not subject to trademark confusion. Moreover, in requesting that the Board approach the likelihood of confusion analysis premised on the sophistication of wine consumers, Applicant is asking the Board to overlook its own precedent to the contrary. In In re Bercut-Vandervoot & Co., 229 USPQ 763, 765 (TTAB 1986) the Board found that when both parties sell wine, likely confusion is measured by purchasers of “not only expensive wines sold to careful, discriminating wine connoisseurs through fine wine and spirits stores but also less expensive wines sold to ordinary consumers through liquor stores, grocery stores, supermarkets, drug stores and the like.” Applicant asks the Board to deviate from this established precedent based solely on Applicant’s interpretation of a Second Circuit, non-precedential case. (ATB, pg. 12). Even if the Board was

willing to consider non-precedential case law on this issue, there are countervailing federal cases that explicitly hold that consumers of wine are not sophisticated. *See, e.g., E. & J. Gallo Winery v. Consorzio Del Gallo Nero*, 782 F. Supp. 457, 10 USPQ2d 1579 (N.D. Cal. 1991) (The American wine-buying public is not “sophisticated” and does not devote a great deal of care in choosing a brand. This lack of consumer sophistication “significantly enhances the likelihood of confusion between the two [wine] products”).

Not only is Applicant’s proposition legally deficient, it likewise falls short factually, ignoring the evidence of record. William Nachbaur, founder and proprietor of Acorn Winery, testified that consumers of ACORN wine ranged from very sophisticated to those with little knowledge about wine at all. (OTB, pg. 19). No countervailing evidence to support Applicant’s contention as to the sophistication of consumers is of record. Further, there is no evidence of record that suggests knowledge or sophistication concerning wines translates to knowledge or sophistication about trademarks and an enhanced ability to distinguish between similar trademarks. The purported sophistication of wine consumers is a red herring in this proceeding and has no bearing on Acorn Winery’s showing of a substantial likelihood of confusion.

**C. Acorn Winery's Evidence of Actual Confusion Is Not Hearsay**

Applicant contends that Acorn Winery’s evidence of actual confusion should be excluded as hearsay evidence not falling under any exception. Acorn Winery counters that its evidence of actual confusion is not hearsay at all since the statement is not offered to prove the truth of the statements, but rather to prove that the speaker made the assertion. District courts interpreting the Federal Rules of Evidence in the likelihood of confusion context have held similarly. *Mustang Motels, Inc. v. Patel*, 226 USPQ 526, n.1 (C.D. Cal. 1985) (testimony of plaintiff’s employees that customers phoned plaintiff asking for information about defendant held not

inadmissible hearsay; the evidence is offered to prove that callers made the assertions, not to prove the truth of their statements); Armco, Inc. v. Armco Burglar Alarm Co., 693 F.3d 1155, n.10, 217 USPQ 145 (5<sup>th</sup> Cir. 1982) (testimony of plaintiff's employees that they received phone calls from a person trying to reach defendant held admissible; not hearsay because not offered to prove truth of caller's assertions or else admissible under state of mind exception of Fed. R. Evid. 803(3)).<sup>1</sup>

Even if the Board were persuaded that Acorn Winery's evidence of actual confusion constitutes hearsay, its own recent decision suggests that such evidence is admissible under the state of mind exception to the hearsay rule. National Rural Electric Cooperative Association v. Suzlon Wind Energy Corporation, 78 USPQ2d 1881, 1887 n. 4 (TTAB 2006) (Board "can consider testimony concerning employee's statements about actual confusion as an exception to the hearsay rule"); *see also* Citizen Financial Group, Inc. v. Citizens Nat. Bank of Evans City, 383 F.3d 110, 72 USPQ2d 1389 (3<sup>rd</sup> Cir. 2004) (employees' testimony about their experience with confused customers is not hearsay and is admissible under Fed. R. Evid. 803(3) permitting statements of existing state of mind).

A finding that Acorn Winery's evidence of actual confusion is inadmissible would not alter the outcome of this case because "a showing of actual confusion is not necessary to establish a likelihood of confusion." Herbko Intern., Inc. v. Kappa Books, Inc., 308 F.3d 1156, 1165, 64 USPQ2d 1375 (Fed. Cir. 2002). Acorn Winery's evidentiary showing of likelihood of confusion under the other DuPont factors conclusively establishes Acorn Winery's entitlement to relief.

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<sup>1</sup> The TBMP establishes inter partes proceedings before the Board are governed by the Federal Rules of Evidence. District court opinions interpreting the applicability of the Federal Rules of Evidence are pertinent to the instant proceeding.

**D. Applicant's Analysis Of The Extent of Potential Confusion is Erroneously Based on an Irrelevant Geographic Separation Argument**

Applicant argues that the extent of potential confusion is *de minimis* based on a false premise. Applicant focuses on one factor considered in determining whether any potential confusion is substantial or *de minimis* – whether products are in “close proximity.” However, despite stating the appropriate standard for analyzing this factor, namely, whether the two products will compete with each other in the same market based on the nature of the products, the nature of the industry and the nature of the relevant market, Applicant misconstrues the terms “market” and “close proximity.”

Applicant, in essence, proposes a geographic separation argument based on a geographic interpretation of “market” and “proximity.” Under the appropriate standard, however, “market” refers to the field of trade or business and “proximity” refers to the relatedness of the goods at issue. Applying the correct standards, Applicant’s and Opposer’s markets and goods are beyond “close in proximity,” but are in fact identical as a matter of law. There are no restrictions or limitations in the Applicant's recitation of goods, nor are there any limitations or restrictions concerning the channels of trade and as a result the following legal presumptions apply: (1) Applicant's "wine" encompasses all goods or types of goods embraced by the broad terminology; (2) The parties' legally identical goods move through all of the channels of trade suitable for goods of that type; and (3) they reach all potential users or customers for such goods. Warnaco Inc., 210 USPQ at 314-315; Guardian Products Co., Inc., 200 USPQ at 741. Accordingly, both the "established, likely-to-continue trade channels" and the "conditions under which and buyers to whom sales are made" are legally identical for purposes of this proceeding.

As to the nature of the industry, Applicant incorrectly argues that the wine industry is “regional” by nature, again basing its conclusion on a Second Circuit, non-precedential case.

(ATB, pg. 14-15). Applicant's geographical separation argument undercuts established trademark principles. Senate Judiciary Committee Report on S. 1883, S. Rep. No. 100-515, p.29 (Sept. 15, 1988) (one of the important goals of constructive use is to reduce the geographic segmentation of trademark rights); Report of the Trademark Review Commission, 77 Trademark Rep. 375, 397 (1987), USTA, The Trademark Law Rev. Act of 1988, p. 37 (1989) (invocation of constructive use should serve to reduce geographic fragmentation). As established, Acorn Winery has territorially unrestricted, exclusive rights in the ACORN mark for wine *vis-à-vis* its incontestable registration. Applicant likewise seeks nationwide unrestricted registration of the marks at issue. The Board has established that where an applicant seeks a nationwide unrestricted registration, the geographic separation of applicant and registrant is irrelevant. Peopleware Systems, Inc. v. Peopleware, Inc., 226 USPQ 320, 321 (TTAB 1985). (OTB, pg. 19). That Applicant not only premises its argument on such an irrelevant and unsubstantiated geographic separation, but dedicates a significant portion of its brief to this argument, serves to highlight the lack of substance in Applicant's arguments and the merits of Acorn Winery's opposition.

## **II. APPLICANT'S RENOWN IN THE HORSE INDUSTRY AND THE APPEARANCE OF ITS WINE LABELS ARE IRRELEVANT TO THIS PROCEEDING**

Applicant argues that its established rights in the ACORN HILL FARM mark in the horse breeding and showing industry somehow translates to rights in the different marks, ACORN HILL VINEYARDS, ACORN HILL ESTATE and ACORN HILL WINERY in the wine industry. Not surprisingly, however, Applicant does not establish any legal basis for its contention because it cannot. Nor does Applicant offer any explanation as to why the Board should consider the renown of its ACORN HILL FARM mark for horse-related services in this



proceeding. As Acorn Winery stated in its trial brief, it is well settled that one who adopts a mark similar to the mark of another for closely related goods – or, as here, for identical goods – acts at his own peril. Steelcase, Inc. v. Steelcare, Inc., 219 USPQ 433, 437 (TTAB 1983).

Acorn Winery was the first and only party to use "ACORN" in connection with wine and has done so for over a decade. Applicant's evidence related to the creation, use and fame of the ACORN HILL FARM mark in connection with horse-related services has no relevance in this proceeding concerning different marks proposed to be used in the different and unrelated wine industry.

Applicant likewise notes that it intends to use the marks at issue on labels that “depict a stylized image of a galloping horse and are cut at the top to resemble the Blue Ridge Mountains, where the farm and the winery are located.” (ATB, pg. 4). Applicant's proposed labels have no relevance in this proceeding. Board precedent holds that in determining registrability of an application in an opposition, it is the mark as shown in the application at issue that must be considered, not the mark as actually used or intended to be used by the applicant. State Historical Soc. Of Wisconsin v. Ringling Bros. Barnum & Bailey Combined Shows, Inc., 190 USPQ 25, 29, n.3 (TTAB 1976). Further, since Applicant admits it has not yet sold wine bearing its marks, even if the labels were somehow relevant, the impact of such labels would be speculative, at best. (ATB, pg. 5).

Any doubt as to likelihood of confusion between the marks as shown in the applications at issue and Opposer's incontestable registration must be resolved in favor of Acorn Winery. In re Hyper Shoppes (Ohio), Inc., 837 F.2d 463, 6 USPQ2d 1025 (Fed. Cir. 1988); Lone Star Mfg. Co. v. Bill Beasley, Inc., 498 F.2d 906, 182 USPQ 368 (C.C.P.A. 1974); Tiffany & Co. v. National Gypsum Co., 459 F.2d 527, 173 USPQ 793 (CCPA 1972).

## CONCLUSION

Acorn Winery thoroughly applied all of the relevant factors identified in In re E.I. DuPont de Nemours & Co., 177 USPQ 563, 567 (CCPA 1973) to the evidence of record. In doing so, Acorn Winery established that all of the applicable factors favor a finding of likelihood of confusion. The evidence of record establishes the similarity of the marks, the identical nature of the goods and trade channels, the normal low standard of care among consumers, the fame of Acorn Winery's mark, the absence of use of similar marks on wine, Acorn Winery's use of its ACORN mark as a "family" mark, Acorn Winery's right to exclude others from use of its mark on wines, the substantial potential for confusion, and the significant harm that Acorn Winery will suffer as a result of that confusion. The actual confusion factors favor Acorn Winery or are neutral. Applicant's inability to present facts and arguments of substance countering any of the DuPont factors weighing in favor of a finding of likelihood of confusion highlights the overwhelming evidence and legal bases favoring Acorn Winery and its entitlement to relief.

In light of the foregoing and arguments and evidence discussed in Opposer's trial brief, Acorn Winery respectfully requests that the Board grant this opposition and refuse registration to Applicant.

Dated: 8.10.07

Respectfully submitted,

OWEN, WICKERSHAM & ERICKSON, P.C.

By: 

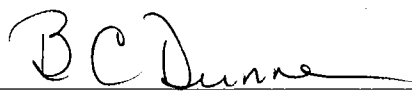
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CERTIFICATION

I hereby certify that a true copy of the within **OPPOSER'S REPLY BRIEF** was served via United States Postal Service First Class Mail, postage prepaid, on the 10th day of August 2007, to the following counsel of record: Jason J. Romero, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012.

  
\_\_\_\_\_  
B.C. Dunne